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PRELIMINARY REPORT OF COMMITTEE ON COLONIES.

The Committee on Colonies constituted at the last annual meeting was finally organized as follows :

Jeremiah W. Jenks, Chairman,

Hon. Charles S. Hamlin,

Prof. E. R. A. Seligman,

Dr. Albert Shaw,

Prof. E. H. Strobel.

In the summer Professor Strobel, on account of intended absence in Europe, withdrew from the committee, so that the present report is signed by only four members.

It seemed wise to the committee to secure information regarding the fiscal methods and economic conditions of typical modern colonies and to endeavor, on the basis of this information, to suggest tentatively some general principles which might be applicable to the government of the new dependencies of the United States.

In addition to the members of the committee several other persons, on the solicitation of the chairman, agreed to make reports on various colonies. While it has been impossible for some of these, on account of pressure of other work, as yet to complete their reports, papers have been received on the fiscal systems of the French, the German, and several of the English Colonies, including the West Indies, and the Straits Settlements, with the Federated Malay States. At an early date reports are expected on the Danish, the Spanish and the Dutch Colonies, as well as on other typical British Colonies.

In so far as the committee now feels itself warranted in formulating any views based upon its preliminary studies of the experience of other countries, it has to offer the following general suggestions :

First. The finances of each colony should be managed exclusively for the sake of the colony and for its development, and not for the advantage of the mother country.

Second. No uniform system of detailed fiscal management for a number of colonies in different parts of the world can be established. Each colony must be considered by itself and its system must be adapted to its conditions.

Third. Each colony should, as far as possible, be made self supporting ; but the mother country may well sustain the colony's credit or make advances to be repaid at a later date.

Fourth. In undeveloped colonies whose inhabitants are not capable of managing important public works such as railways, canals, telegraph systems, etc., these improvements may well be owned by the government and managed by government officials rather than by private companies.

Fifth. The selection of sources of revenue must in each case be determined in accordance with the economic and social conditions of the colony.

Sixth. Where the colony is so situated that the development of trade with foreign countries is the chief economic consideration, import duties should be very low or practically non-existent.

Seventh. In colonies of undeveloped economic resources the chief reliance for general government income should be on a system of internal revenue taxes, with compensatory duties on articles imported similar

to those subject to internal revenue taxes. Excise duties should be levied primarily on a few articles of general consumption, like alcoholic drinks, opium and rice. When any colony has decided advantages in the production of some specially favored commodities like sugar, tobacco, hemp, etc., it may be desirable to impose business licenses or similar duties on them. It is even a question whether low export duties on such commodities may not advantageously be employed in exceptional cases, it being assumed that under these circumstances a duty on colonial exports would not be inconsistent with the constitution of the United States.

Eighth. It is undesirable to utilize an octroi or a system of taxes on consumption for local purposes. Local revenue should, in most cases, be derived in a large measure from real estate, business licenses and kindred specific taxes.

Ninth. In the administration of fiscal affairs natives, wherever possible, should be utilized as officials. It should be fully understood, however, that in the last resort the desires of the United States Government, expressed by the proper authority, are to be paramount and its decisions final.

Tenth. As long as any of the colonies have not attained modern industrial conditions, it may be advisable to continue as far as may be possible native customs during the period of transition. For example :

It is quite possible that for some time to come the system of farming out the revenue to contractors, especially to native chiefs, should be retained, under such restrictions as may prove practicable.

Eleventh. For the proper administration of the fiscal system in any of the dependencies of the United States

it is absolutely essential to establish a civil service which is beyond question as respects the ability and honesty of its personnel.

Twelfth. In those dependencies where it is difficult to secure an adequate supply of efficient native labor, the question of the admission of foreign laborers should be seriously considered. While there may be sufficient justification for the exclusion of Chinese workmen from the United States, it by no means follows that they should be excluded from the Philippines.

JEREMIAH W. JENKS,
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